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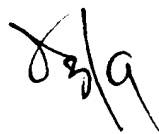
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9 March 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : Deputy Director for Intelligence

SUBJECT : Status Report After Two Months




1. During the past two months I have initiated a number of changes in the way the DDI does its business. These changes, coming on top of the monumental change represented by the reorganization, lead me to believe that a status report would be useful to the two of you. I would plan to repeat these periodically (or as you ask) to keep you well informed of what is going on in this directorate. ✓

The Reorganization

2. I do not need to repeat here all the reasons that the reorganization was necessary. We are just now beginning to see some of the substantive benefits of that reorganization, which I believe laid the foundations for improving the quality of analysis. The offices now have been physically consolidated, with a few minor exceptions, so that the economists, political scientists and military specialists are working together. People are beginning to settle in to their new organizations and establish the patterns and relationships that will dominate bureaucratic and substantive issues for the foreseeable future.

3. There are, of course, some lingering problems as a result of the reorganization. In a number of the offices, many of those who were once in the Office of Political Analysis continue to feel like stepchildren inasmuch as they can no longer sit on or stop the work of others and a high percentage of the managers in the new offices are from OER, OSR and OGSR. Over time, I am confident they will settle in and become more comfortable with a more rigorous and disciplined approach to analysis than existed in OPA.

4. The only major remaining problem from the reorganization is the Soviet Office's separation from the rest of the directorate. Interestingly, I hear more complaints about this now from the other offices than from the Soviets themselves. There are many who believe that the lack of opportunity to consult frequently and in person with the Soviet analysts is impacting negatively on their own work. It also makes coordination and other activities more difficult. Despite quarters [redacted] that are recognized by the Soviets to be more spacious and nicer than at Headquarters, analysts in both places seem to be bothered more by the substantive consequences than by the physical inconveniences. The latter do continue to be a problem, however, especially because shuttle service [redacted] is so

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infrequent that an analyst will often burn up 2 to 2 1/2 hours a day making one trip into Headquarters and back. I intend to discuss this with Harry Fitzwater. For the Soviets to return, someone else must leave the building and the most likely candidate is OSWR. This would cost \$3-4 million and take approximately sixteen months from the time the decision is made and the money is set aside. Once the new building was completed, I would expect that OSWR would remain outside the headquarters compound. We will all be better served when all of the regional offices are located at headquarters. In the meantime, I am arranging office space here for 6-9 Soviet analysts who can ensure better coordination and dialogue on Soviet analysis and also give early warning on key cables, tasking, and other information of value.

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Improving the Quality of Analysis

5. The following is a report on the progress of each of the measures I announced in the Auditorium on January 7th:

- Rotational tours: I have had three offers of positions at the Department of Defense; one person is in process to begin his rotational assignment. I have negotiated two positions with ACDA, and Gene Rostow's recent letter to you confirms their interest; we will be identifying candidates for these jobs shortly. I have received invitations from the Economic Bureau and the Political Military Bureau at State for candidates to join them; candidates for these two positions are under consideration. I have one firm request from the NSC Staff and an indication from Bud McFarlane that three or four others may be invited to join the Staff for rotational assignment. Bringing the NSC positions to fruition awaits decisions there on how they intend to reorganize. Finally, we have arranged an assignment for one person to have a rotational tour in OSTP in the Executive Office of the President.
- Research program: I have completely revamped the research program, and the revised version will be published within the next two or three weeks. I came to this job late in the planning cycle for the research program and therefore the changes in specific papers and issues are not as extensive as I would have liked, but they form a good foundation for next year. I cancelled a number of papers and requested others. It is clear to me that in the past the research program had not been taken seriously in the DDI, and this represents the first time that there has been a top-down overview of the entire research program as well as clear guidance that analysts and managers would be held to their commitments for research projects and completion on schedule. All of the research now will be structured around key issues or questions, with a listing under each issue or question of the specific research projects necessary to address the subject. Those for which we have resources available and committed will have scheduled completion dates; those we know are needed but for which the resources are not yet available will be listed without completion dates. Finally, as an integral part of each research question, we will include external

analysis that we intend to commission to help us address that question. Each of the offices went back to the drawing board last month and will be providing to me within the next few days their revised programs.

- Analyst production files: Each of the offices has created a production file on each analyst whose primary job is research and writing. This is a first and there seems to be little resistance to the notion, although there have been occasional hitches in implementation. These are generally the result of overzealous supervisors or managers who misunderstood the purpose; these minor problems are being resolved without difficulty.
- DDI Product Evaluation Staff: The staff began operation on March 8th, with Helene Boatner as its chief. Its more detailed charter is at Tab A. I have broadened the mission of this organization since January to include two primary tasks: (1) evaluating the quality of our analysis, and (2) monitoring our research program not only to insure that it remains on schedule but watching to see that the necessary resources are available to carry out the program. In this latter context, I have asked Helene to keep track of tasking from various agencies, the NIC, and for current intelligence so that we have early warning when certain agencies or individuals are beginning to burn up too many of our research resources, particularly on questions of marginal importance. If we are to take research seriously, I believe the DDI must make a considerable effort to insure that the resources are available to do it.
- Outside training: Because of a very generous increase in training funds for FY-82, there is ample money available for analysts to take outside courses at DDI expense. (Indeed, without this initiative, I do not know how they could have spent all the money.) Catalogues have been obtained from all local universities and placed in the front office of each of the Offices. Each Office is drawing up its own plan for analyst outside training. Because I arrived on the scene too late for us to get organized to take advantage of spring semester, most of the courses being planned at the present time will be for summer school or fall semester. I also am allowing the office directors ample flexibility for their analysts to take advantage of courses at think tanks, places like the nuclear labs and so forth where concentrated seminars over a period of two or three weeks will accomplish my twin objectives of refreshing substantive skills and exposing our people to others who hold different views or have different backgrounds.
- Center for Instability and Insurgency: (I have dropped the word "terrorism" from the title at the request of the DDO.) The Center has been established and I have moved [redacted] from the Near East Office to the Office of Global Issues to oversee the Center as well as other work. [redacted] likely will hire an outsider as the Director of the Center and are in the process of hiring additional analysts both from within the Community and the private sector to staff the Center.
- Current intelligence: The separation in the PDB and the NID of evidence/facts and analysis/comments has been very well received by readers.

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Additionally, the changes that I have made in the Office of Current Operations, including bringing in [] should help strengthen the management of the Operations Center and continue what I believe most of us perceive to be an improvement in the quality of both the PDB and the NID in recent weeks. I am particularly pleased by the increasing collaboration of the DDO, particularly in the production of the PDB. I am convinced that their contribution makes it a more interesting and readable document. It also accurately gives the President and others who read it the impression that they have access to a document with information available nowhere else in the government.

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- Outside Contacts: Each of the offices has prepared for me a listing of their outside consultants and contractors. Once the research programs are finalized later this month, each of the offices will be preparing a program of conferences and seminars to address specific parts of their research program where outside assistance can help. In addition to this program, each of the offices has already increased the number of their contacts with outside sources, [].
- DDI review of drafts: As promised, I have been reviewing the drafts of all intelligence assessments, intelligence memoranda, research papers, and typescript memos for Deputy Assistant Secretaries and above. I am asking for further work on 40-50% of these papers. I am particularly struck by the wide variation in quality. I review some papers which are excellent, even brilliant. On the other hand, I receive papers, often from the same office, which would shame a graduate student. To even out the quality at a high level will take time.
- Memos with unorthodox views: I have been disappointed that no one has taken advantage yet of my invitation to analysts to send me memos with their substantive concerns with our work and/or expressing alternative views. I will continue to encourage this but it may be that people are still too intimidated by their supervisors and the culture.
- Communications: Remembering that I as an analyst never saw the DDI, I have instituted two regular forums to keep aware of junior managers' and analysts' concerns, problems, morale and reactions to changes. I meet about once every 5-6 weeks with the branch and division chiefs of each office to listen to them and to explain what I am up to. Also, each week I host a "brown bag" lunch for a different analytical branch (8-10 analysts) for the same purpose. Through these means and a fairly wide network of other listeners, I believe I am as well informed about attitudes in my organization as a senior manager can be. It helps me identify problems early and take corrective action and also (I hope) signals to everyone that I care what they think -- even though I may disagree.

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Problems

6. Although by no means an inclusive list, following are some problem areas in need of continuing attention:

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-- Productivity. The chart at Tab B reflects the wild gyrations in productivity over the last two years. The reorganization had a significant impact on productivity from which we are only now beginning to recover. Even so, productivity is much lower than I believe justifiable and I have told the offices that I believe it is not unrealistic to expect most analysts to do at least two research papers a year in addition to current intelligence, briefings, and other responsibilities.

-- Terrorism. The DDO continues to refine proposals for co-location of its counterterrorism unit and my Center.

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-- Evidence. Our analysts have a great deal of difficulty with evidence. If they have no evidence of an event or development they assume it did not happen. On the other hand, they are reluctant to cite evidence in their research papers, thereby leaving the reader confused as to what is conjecture, what is fact and what is simple assertion on the part of an analyst. Failure to review the evidence in a paper also, to my way of thinking, fails to build confidence in the reader that the author is the master of the subject, which in turn brings the reader along when the analyst does begin to speculate. There is apparently some reluctance in DDO and in NSA to have their sources cited. On the other hand, I only am asking that analysts be able to say "according to clandestine reports" or "according to NSA". We need not be more specific than that, but I believe the reader will be better served by an indication of the general source of our information. This directorate has few if any customers any longer who accept what we say as true simply because we say it.

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-- Sources. I believe our analysts are not adequately trained in the use of sources, particularly technical sources. I believe we need to improve substantially their capabilities for the use and tasking of imagery, SIGINT. A start on this was made by John McMahon and Evan last year when they began a series of training courses on both imagery and SIGINT. These will continue, and I am considering making them mandatory for all analysts.

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-- Analyst Quality and Numbers. I generally am impressed with the quality of analysts we have working for us. They have been poorly led and even more poorly directed in the past. Expectations have been low. Given

the proper guidance, I believe most of them can do consistently good quality work. At the same time, we are very thin in some areas such as Eastern Europe, Central America, and certain countries in the Middle East. Outside of the Soviet area, economists and military specialists are scarce. And, even in the Soviet economic arena, you have asked us to do work on subjects or issues where the capability was dissipated years ago or never existed at all. We are trying to reconstitute the most important of these. The problem of hiring and training military specialists is a serious one we will need to address in this directorate fairly soon. With present resources, it will be difficult for me to make substantial progress in addressing FY-85 Capabilities Study Challenge Number 6 -- building a basic data bank on Third World countries -- because the need is greatest where my analysts are stretched most thinly.

- The Use of Outsiders. There are many analysts and managers who still are unenthusiastic about greater reliance on and consultation with the outside world. This is particularly true of those who once worked in OPA. We are making progress on this, but still have a long way to go.
- Aggressiveness. I do not see too much evidence of a "lean and hungry" look on the part of analysts or managers. Few aggressively go after information or push to get innovative ideas into the publications, especially the PDB or NID. They too often wait for someone else to ask for analysis before they do it. And they do not seek COS views or thoughts on an urgent basis when field information could be quite useful.
- The Big Picture. As I observed a year ago, there are few analysts who can step back and look at regional or global issues as an entity or look at broad developments with a historical perspective that bespeaks wisdom as well as knowledge. I am still groping for ways to develop a small cadre of such talent. My idea to use the NIC Analytical Group plainly is not working.
- NIC/NIO Vacancies. Even DDI analysts are beginning to complain about the year long (except for two months last fall) vacancy in the NIO/USSR position, and a similar vacancy for NIO/Europe. These vacancies seriously weaken the NIC, both in fact and in reputation, and the lack of substantive community leadership impacts on DDI analysts.
- Budget. Finally, in my few weeks as a senior line manager, I am appalled by a budget system that year after year routinely underbudgets for housekeeping, utilities and other continuing administrative and operational requirements. The DDI budget is 75% fixed costs and when we must find a million dollars or more every year to help pay for these "unfunded" it wreaks havoc on efforts to improve analysis, fund research and try to develop new programs.

Personnel

7. With the modest shifts I have made, I am generally content with my senior management team. One of my primary objectives was to move Helene and

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I believe I have done so in a way that will make best use of her talents while at the same time replacing her with one of the most talented specialists on the Middle East in the government. If the opportunity arises, I am eager to consider senior DDO rotations as division chiefs or deputy office directors for the value of their different perspective. Replacing [] with [] will leave Dix the substantive account with the senior policymakers while substituting for him one of the strongest managers in the directorate. Cleaning up the Operations Center is a high priority and I believe that [] Doug MacEachin and [] can accomplish that without too much difficulty.

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8. As far as I can tell, the DDI senior managers are supportive of what I am trying to accomplish and generally are being loyal in trying to bring along their subordinate managers and analysts. Neither they nor analysts have left me in any doubt that the direction I am trying to take this directorate in terms of top-down research planning, emphasis on quality and management responsibility therefor, leaning forward in analysis, identifying alternative outcomes, and trying to be out in front with tough minded and realistic analysis represents a significant cultural break for them. Their support as we try to accomplish this suggests to me that the directorate does deserve to retain one part of its former reputation -- its responsiveness to guidance and direction.

Conclusions

9. In summing up at two months, I would make the following observations:

- The reorganization has largely been accomplished and sets the stage for a real improvement in the quality of analysis. Having the Soviets out of the building is, as anticipated, causing problems that are manageable but which make clear that their return here as soon as feasible is important.
- The measures I announced for improving the quality of analysis are being implemented steadily, although not as quickly as I would have liked. In my meetings with analysts and managers I have heard no complaints or objections to the measures themselves but only to some of the modalities of implementation.
- The NIC is causing me no problems worth mentioning. Harry likes to be out in front and I prefer to work behind the scenes so we get along famously. Such problems as do crop up I have had no difficulty resolving satisfactorily with him. But NIC vacancies (USSR, especially) are beginning to be a problem.
- With the two changes that I have made, I am generally content with my senior management team and believe them generally to be competent and capable.
- John McMahon set this directorate on the road to a much closer relationship with the DDO, which I have tried to build upon. In this regard, John Stein and Clair George have been helpful.

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-- In short, in January I signalled a hard change of course for this directorate, and two months later I believe I see the ship perceptibly beginning to move in that direction. The crew has not resisted this change and seems willing to support it, but it is clear that in many respects they still need to be shown the ropes from a substantive standpoint. In sum, I am optimistic.

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Robert M. Gates

Attachments:

- Tab A - Product Evaluation Staff Charter
- Tab B - Productivity Chart

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12 FEB 1982

MEMORANDUM FOR: Director of African & Latin American Analysis
Director of Central Reference
Director of East Asian Analysis
Director of Global Issues
Director of Imagery Analysis
Director of European Analysis
Director of Current Operations
Director of Near Eastern & South Asian Analysis
Director of Scientific & Weapons Research
Director of Soviet Analysis
Chief, Management & Analysis Support Staff
Chief, Collection Requirements & Evaluation Staff
Chief, Arms Control Intelligence Staff
Special Assistant for Community Interests

FROM: Robert M. Gates
Deputy Director for Intelligence

SUBJECT: The Role of the Product Evaluation Staff (PES)

I attach the highest importance to the quality of our research and production effort, and have established the Product Evaluation Staff to advise and work with you and make recommendations to me concerning the overall DDI research program and how to improve it. All offices and staffs should clearly understand PES's mission and functions. It will have two major responsibilities—research planning and evaluation of our product.

RESEARCH PLANNING

PES will have four major responsibilities in research planning:

—Research Planning Steering Group - The Chief of PES will be Executive Secretary and Vice Chairman of the Research Planning Steering Group.

—The DDI Research Plan - PES will play an active role in Directorate research planning. PES will help identify multi-office and transregional issues requiring interoffice work, facilitate the delineation of substantive responsibilities of the offices involved, and work with the offices to establish working groups to address such issues—e.g., foreign industrial competition, technology transfer, terrorism, and Soviet activities. Once a team is organized and roles defined, PES will step aside. In short, PES will act only as a catalyst to get the teams started. Once they have begun, PES will monitor their progress. When conflicts develop, the Chief of PES will act as mediator. Problems that cannot be resolved will be referred to the DDI/ADDI.

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—Monitoring Production and Protecting our Research Resources - PES will monitor the status of office research programs and work with the offices to keep research work on schedule and protect our research resources. It will work with customers and with DDI liaison officers, such as at Treasury and Commerce, to ensure that consumer agencies are tasking the proper government agency for ad hoc support; our effort should concentrate in areas where we can make a unique contribution. PES will monitor requests for typescript papers to ensure that an inappropriate burden is not being placed upon Directorate resources by individual agencies or consumers and to see that offices are not using this format to excess. All NIC tasking for community production will go through PES, which will work with the offices to determine the availability of resources. Again, unresolved differences will be forwarded to the DDI/ADDI. (This is not intended to impinge in any way on direct contacts between the offices and NIOs, a channel of communication that must be kept open.) PES also will track recommendations from advisory panels—MEAP, STAP, PMAP—to ensure action on useful suggestions for improving the quality of analysis or addressing neglected issues and also to monitor tasking from and resources devoted to support of the panels.

—Production Support - PES will make recommendations to the DDI on Directorate-wide resources needed to support analysts now and in the future. It will recommend areas where additional investment in production support will best serve the DDI. PES will work with OCR, MASS, and CRES to ensure that every analyst knows the analytical and collection tools available.

PRODUCT EVALUATION

I have consistently stressed the need for the DDI to upgrade quality, focus, use of sources, and timeliness in its research effort. PES will analyze final production to identify areas of both superior and inadequate performance. It will try to determine the source of problems, i.e. management, analyst skill levels, a lack of resources, lack of evidence, poor conceptualization of the problem or questions, and so forth. It will also try to draw lessons from areas of highly proficient performance that can be applied elsewhere in the Directorate to enhance the quality of our output.

PES will review all production vehicles, from the PDB to the regional publications to longer studies. It will review the use of evidence and special sources in DDI production. It will devote special attention to our performance in clearly identifying what we know or what the evidence says versus what we think or believe. It will be sensitive to the way we lay out evidence and facts before drawing conclusions. It will look into any major differences of substantive judgment between the DDI, other Community elements, and those liaison services with whom we exchange analyses to ensure that we are using all available evidence and presenting it without preconception or bias. And, it will report on accuracy, timeliness, relevance, cogency, and style. PES will report its findings and recommendations in all these areas directly to the DDI/ADDI, although the offices will have an opportunity to comment on PES evaluations.

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PES' evaluation efforts will focus primarily on DDI's substantive work on specific intelligence issues chosen by the DDI/ADDI—not on whether a particular paper is good or bad or a particular office is doing well or poorly. The latter questions may, of course, be explicit or implicit in some of the PES evaluations. But its purpose is to identify generic strengths and weaknesses that are susceptible to management intervention, not to substitute for line supervision.



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DDI OFFICE PUBLICATIONS COMPLETED JANUARY 80 THRU DECEMBER 81

